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Executive Summary Report

Appraisal Date 1/1/2004; 2004 Assessment Year- 2005 Tax Roll

Specialty Name: <u>Banks</u>

Sales – Improved Analysis Summary:
Number of Sales 6
Range of Sales Dates: 5/2001 – 10/2003

Sales – Ratio Study Summary:				
	Avg. Improved Value	**Sale Price**	**Ratio**	**COV***
2004 Value	$909,600	$902,000	100.87%	5.25%
2003 Value	$870,300	$902,000	96.5%	19.69%
Change	$39,300	-	4.30%	-14.44%
Percent Change	+4.52%	-	4.46%	-73.34%

*COV is a measure of uniformity, the lower the number the better the uniformity.

Sales used in Analysis: All sales verified as good were included in the analysis.

Total Population 301 parcels - Parcel Summary Data:

	Land	**Imps**	**Total**
2004 Value	$209,989,500	$82,227,682	$292,217,182
2003 Value	$204,218,400	$80,511,000	$284,729,400
Percent Change	2.83%	2.13%	2.63%

Number of Parcels in the Population: **301**

Conclusion and Recommendation:

Since the values recommended in this report improve uniformity, assessment level and equity, we recommend posting them for the 2004 Assessment year, 2005 Tax Roll year.

Analysis Process

Specialty

Specialty Area – 404 Banks

Highest and Best Use Analysis

As if vacant: Market analyses of the area, together with current zoning and current and anticipated use patterns, indicate the highest and best use of the land.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and therefore, are the highest and best use of the property as improved. In those properties where the property is not at its highest and best use a token value of $1,000 is assigned to the improvements.

Special Assumptions, Departures and Limiting Conditions

The sales comparison, income and cost approaches to value were considered for this mass appraisal valuation.
The following Departmental guidelines were considered and adhered to:
o Sales from 5/2001 to 10/2003 were considered in the analyses.
o No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of multiple years of market information without time adjustments averaged any changes over that time period.
o This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Property use or Designation: **Banks**
Boundaries: All Branch Banks in King County

Maps:

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

The banking industry has gone through a period of mergers and consolidations in the past few years. Banks have closed or sold branch banks in the past due to duplicate coverage or inefficient fiscal operations. The smaller boutique banks, which offer specialized services, continue to draw new customers. Since year 2000 there have been 12 new branch banks built in King County.

The branch banks are divided into three neighborhoods.   Area 404.10 is primarily the cities/municipalities on the greater Eastside of the county. Area 404.20 consists of the areas of north Seattle, and the cities of Shoreline and Lake Forest Park. Area 404.30 is south Seattle and cities south to the King/Pierce county line. See the Bank Assignment Table for further details.

Physical Inspection Area:

Forty-six banks were inspected for the 2004 revalue year. The list of banks in King County was sorted by section, township and range. All banks located in Township 23 range 4 and Township 23, 25 and 26 Range 3 were inspected for the 2004 revalue.

Preliminary Ratio Analysis

A Preliminary Ratio Study was done February 2004. The study included sales of improved parcels and showed a COV of 19.69%.

A Ratio Study was completed after deriving the recommended values for 2004. The results are included in the validation section of this report. The bank values were near market and modest changes were needed to the income tables. The 2004 COV 5.25% is very good. The recommended 2004 values reflect the current market income based on income, expenses and risk for the investor.

Land Value

Land Sales, Analysis, Conclusion

A list of vacant sales used and those considered not reflective of market are included in the geographic appraiser's reports.

Improved Parcel Total Values:

Sales comparison approach model description

The model for sales comparison was based on five data sources from the Assessor's records; LUC (land use code), net rentable area, effective year, condition and location. A search was made on data that most closely fit a subject property within each geographic area. All sales were verified if possible by calling either the purchaser or seller, inquiring in the field, or calling the real estate agent. Characteristic data was verified for all sales if possible.

Sales comparison calibration

After an initial search for comparable sales within each geographic area a search is made in neighboring areas and expanded to include all of King County.

Cost approach model description

The cost approach for banks utilized the Marshall & Swift Commercial Estimator. Depreciation was also based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area.

Cost calibration

Each appraiser valuing by cost can individually calibrate Marshall-Swift valuations to specific buildings in our area by accessing the parcel computerized valuation model supplied by Marshall & Swift.

Income capitalization approach model description

The branch banks in King County were initially divided into three separate neighborhoods and assigned to one of three income tables derived by the branch bank specialist (See Table named Bank Assignment to Income Tables). There are a total of fourteen different tables used for the computation of the income approach to value for Branch Banks located in King County. The tables are included at the end of this report.

The lease rates for neighborhood 404-10(Greater Eastside) ranged from $12.60 to $32.00 per square foot; neighborhood 404-20 (Seattle and Shoreline) ranged from $12.60 to $24.50 per square foot and neighborhood 404-30 (South King County) ranged from $12.50 to $26.00 per square foot. A uniform rate of 5 percent for vacancy and loss, 10% for overall expenses and a 9.75% overall capitalization rate were used for the branch banks assessed by the income approach to value.

Income approach calibration

The models were calibrated after setting the base rents by using adjustments based on size, effective age, construction class and quality as recorded in the Assessor's records. There are 116 parcels that are exceptions to the income tables due to one or more of the following: credit union, having excessive or insufficient land to building ratios, under-improved site, or when the Marshall-Swift cost is used for valuation. (See Table- Branch Banks—Exceptions to Income Approach to Value).

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

The specialty appraiser reviewed value estimates from the income, cost and market approaches prior to the selection of the final value for each parcel.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel, in the physical inspection area, is field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust particular characteristics and conditions as they occur in the valuation area.

The Speciality Appraiser recommends application of the Appraiser selected values, as indicated by the appropriate model or method.

The total assessed value for the 2003 assessment year for Banks was $284,729,400. The total recommended assessed value for the 2004 assessment year is $292,217,182. The total increase is $7,487,782.

Application of the recommended values for the 2004 assessment year (taxes payable in 2005) results in an average total change from the 2003 assessments of +2.63%. This increase is due to the reduction in the capitalization rates and updating of property characteristics.

Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the appropriate district office.

USPAP Compliance

Client and Intended Use of the Appraisal:

*This summary mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a **mass appraisal report** as stated in USPAP SR 6-7. To fully understand this report the reader may need to refer to the Assessor's Property Record Files, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.*

The purpose of this report is to explain and document the methods, data and analysis used in revaluation of King County. King County is on a six year physical inspection cycle with annual statistical updates. The revaluation plan is approved by Washington State Department of Revenue. The revaluation is subject to their periodic review.

Definition and date of value estimate:

Market Value

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65) . . . or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)

Highest and Best Use

WAC 458-12-330   REAL PROPERTY VALUATION—HIGHEST AND BEST USE.

All property, unless otherwise provided by statute, shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use which will yield the highest return on the owner's investment. Uses which are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in estimating the highest and best use.

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922)) The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922)) The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

Where land has been classified or zoned as to its use, the county assessor may consider this fact, but he shall not be bound to such zoning in exercising his judgment as to the highest and best use of the property. (AGO 63-64, No. 107, 6/6/64)

Date of Value Estimate

All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]

The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year. [1989 c 246 § 4]

Reference should be made to the property card or computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date a valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market date is used as an indicator of value.

Property rights appraised:

Fee Simple

The definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute. "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Assumptions and Limiting Conditions:

1. *No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.*
2. *No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.*
3. *No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.*
4. *Rental areas herein discussed have been calculated in accord with generally accepted industry standards.*
5. *The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.*
6. *The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.*
7. *The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any potential diminution in value should such hazardous materials be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.*
8. *No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.*
9. *Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.*
10. *The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, easements adversely affecting property value were not considered.*

11. *An attempt to segregate personal property from the real estate in this appraisal has been made.*
12. *The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.*
13. *I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.*
14. *Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.*

Departure Provisions:

Which if any USPAP Standards Rules were departed from or exempted by the Jurisdictional Exception

SR 6-2 (g)

The assessor has no access to title reports and other documents. Because of budget limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments. The mass appraisal must be completed in the time limits as indicated in the Revaluation Plan and as budgeted.

CERTIFICATION:

I certify that, to the best of my knowledge and belief:

- o *The statements of fact contained in this report are true and correct*
- o *The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
- o *I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.*
- o *I have no bias with respect to the property that is the subject of this report or to the parties involved.*
- o *My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- o *My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*
- o *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- o *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*

- o *The individuals listed below were part of the "appraisal team" and provided significant real property appraisal assistance to the person signing this certification.*

Improvement Sales for Area 404 with Sales Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
404	020	881640	0975	14,793	1973647	$2,169,418	06/18/03	$146.65	SEAFIRST BANK	NC365P1	1	2	
404	030	098500	0521	4,388	1818404	$712,500	05/15/01	$162.37	U S BANK	BC	1	2	
404	030	723150	1940	10,918	1933408	$880,000	01/10/03	$80.60	FIRST FEDERAL SAVINGS	CM	1	2	
404	030	784670	0770	1,836	1816596	$325,000	05/07/01	$177.02	WASHINGTON MUTUAL SAVINGS	BC	1	2	
404	030	982570	1480	5,880	1994401	$750,000	10/08/03	$127.55	FRONTIER BANK	DC	1	2	
404	010	794630	0066	3,595	1843974	$575,000	09/24/01	$159.94	PRIME PACIFIC FINANCIAL	RB	1	2	

Improvement Sales for Area 404 with Sales not Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
404	010	531510	1218	4,293	1923406	$1,450,000	11/21/02	$337.76	INTERWEST BANK	B	1	8	
404	030	082104	9052	4,200	1835581	$364,323	08/07/01	$86.74	WELLS FARGO BANK	CF	1	33	
404	030	098500	0521	4,388	1905615	$1,100,000	08/21/02	$250.68	U S BANK	BC	1	44	
404	030	512540	0085	5,416	1943723	$8,000	03/03/03	$1.48	KEY BANK	C3	1	24	

Merge Improvement Ratio Calculation For 404

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:
East Crew	**1/1/2004**	**3/24/2004**	**5/7/01 - 10/8/03**
Area	Appr ID:	Prop Type:	Trend used?: Y / N
404	**JPLA**	**Improvement**	**N**

SAMPLE STATISTICS	
Sample size (n)	6
Mean Assessed Value	909,600
Mean Sales Price	902,000
Standard Deviation AV	659,073
Standard Deviation SP	648,954
ASSESSMENT LEVEL	
Arithmetic mean ratio	1.005
Median Ratio	1.013
Weighted Mean Ratio	1.008
UNIFORMITY	
Lowest ratio	0.9412
Highest ratio:	1.0816
Coeffient of Dispersion	3.69%
Standard Deviation	0.0528
Coefficient of Variation	5.25%
Price-related Differential	1.00
RELIABILITY	
95% Confidence: Median	
Lower limit	0.941
Upper limit	1.082
95% Confidence: Mean	
Lower limit	0.963
Upper limit	1.047
SAMPLE SIZE EVALUATION	
N (population size)	282
B (acceptable error - in decimal)	0.05
S (estimated from this sample)	0.0528
Recommended minimum:	4
Actual sample size:	6
Conclusion:	OK
NORMALITY	
Binomial Test	
# ratios below mean:	2
# ratios above mean:	4
z:	0.40824829
Conclusion:	Normal*
*i.e., no evidence of non-normality	

Ratio Frequency

These figures reflect ratios after the 2004 Bank revalue.

Present Improvement Ratio Calculation For 404

Quadrant/Crew: **East Crew**	Lien Date: **1/1/2003**	Date: **2/26/2004**	Sales Dates: **5/7/01- 10/8/03**
Area **404**	Appr ID: **JPLA**	Prop Type: **Improvement**	Trend used?: Y / N **N**

SAMPLE STATISTICS	
Sample size (n)	6
Mean Assessed Value	870,300
Mean Sales Price	902,000
Standard Deviation AV	769,654
Standard Deviation SP	648,954
ASSESSMENT LEVEL	
Arithmetic mean ratio	0.922
Median Ratio	0.952
Weighted Mean Ratio	0.965
UNIFORMITY	
Lowest ratio	0.6396
Highest ratio:	1.1093
Coeffient of Dispersion	15.30%
Standard Deviation	0.1815
Coefficient of Variation	19.69%
Price-related Differential	0.96
RELIABILITY	
95% Confidence: Median	
Lower limit	0.640
Upper limit	1.109
95% Confidence: Mean	
Lower limit	0.777
Upper limit	1.067
SAMPLE SIZE EVALUATION	
N (population size)	282
B (acceptable error - in decimal)	0.05
S (estimated from this sample)	0.1815
Recommended minimum:	45
Actual sample size:	6
Conclusion:	Uh-oh
NORMALITY	
Binomial Test	
# ratios below mean:	3
# ratios above mean:	3
z:	-0.40824829
Conclusion:	Normal*
*i.e., no evidence of non-normality	

Ratio Frequency

These figures reflect ratios prior to the 2004 Bank revalue.